

# Unjani Clinic Network



## Enterprise Development Proposal

October 2016



*“Empowering Healthcare”*

## **Vision**

Unjani Clinic is an **Enterprise Development** initiative that empowers black woman Professional Nurses to own and operate their own primary healthcare clinics in our communities, creating permanent jobs and building sustainable businesses. Founded on an **owner-operator model**, our clinics serve the “bottom of the pyramid” and under-served markets; ensuring an **affordable, quality** primary healthcare service and the supply of quality medicines to the people of South Africa. The clinics are based in the **communities** of our Country ensuring that the service is delivered at the point of need.

Originally pioneered by Imperial Health Sciences, a division of Imperial Logistics (Imperial Group Limited), the concept was developed out of the need for the urgent **transformation** in the healthcare system in South Africa; the fact that our country faces the **triple affliction** of HIV, AIDS & TB; the fact that 84% of our population are dependent on an **overburdened** Public Sector system; and a costly **curative-care** based model vs. disease prevention and promotion. The initiative is now delivered through a Non-Profit Company registered as **Unjani Clinics NPC**, who acts as the support structure in the relationship. The legal structure is based on a Non-Profit Company, without members; however, the NPC Board is made up of **Imperial Group directors**. This NPC structure was put in place in order to provide maximum funding benefit to the beneficiaries of Unjani Clinic NPC, the professional nurses that join the network as well as the funders or donors to the NPC (who will receive the necessary legal and tax exemption certificates).

**Enterprise Development** Funding has been provided by the **Imperial Group** for the first 25 Clinics, which were opened by July 2016 (we now have 27 clinics in the Network). A further 23 clinics will be opened with funding from Imperial and other Corporates, taking the network numbers to 50 clinics by June 2018. We have recently secured funding for 10 to 12 clinics over the next 3 years (2016 to 2018) from The Johnson & Johnson Citizenship Trust and Johnson & Johnson Family of Companies. Application was made to the Jobs Fund (Innovation Round) in order to access funding for even more clinics – our application was successful, and we plan to have 70 clinics nationally by December 2019.

## **The Concept**

Unjani Clinic is a network of black women owned and operated primary healthcare clinics that provide accessible, affordable and quality healthcare to communities in low-income areas. It compliments the re-engineering of our healthcare system by creating community based healthcare structures at the point of need. It is an innovative model to address the inequality, which exists between private and public healthcare services in our country. Whilst private and public hospitals and clinics exist there are too few to deal with the increasing healthcare burden and private healthcare is too expensive for the bulk of the population. The innovation behind Unjani Clinic is based on shifting primary healthcare tasks to Professional Nurses and the ability to leverage a highly developed and extensive private sector distribution network to ensure more people have access to medicines. Unjani Clinic empowers women within their communities to own and lead the effort in transforming the healthcare system. At the front-end of the clinic delivery mechanism, the financial model has been tried and tested to ensure that sustainability pre-supposes commercial viability. All clinics in the network are given the business support and on going coaching and mentoring to succeed and make a profit. Each clinic guarantees 3 full-time sustainable jobs and has the potential for a further 2 jobs as patient numbers increase. We have proven that Unjani Clinic offers a higher quality of care and more reliable service compared

with other market offerings. The bundled pricing (consultation including medicines) is affordable and relevant to the low-income patients we serve.

### **Development impact**

The development outcomes that are being achieved through this project include permanent job creation for a minimum of 150 people over a five-year period as well as systemic change and transformation within the healthcare system in South Africa. Based on a clinic network of 50 clinics we have calculated that Unjani Clinics should see and treat between 175 000 and 240 000 patients annually. This means that these patients will have reduced the burden on the public health system (creating capacity in the existing State facilities) as well as received quality, accessible and affordable private healthcare at the point of need. The other significant beneficiaries are obviously the patients who are living in the communities, which we serve. The results from our existing clinic units demonstrate that there is a dramatic improvement in the healthcare experience compared with existing offerings in the market. On average 80% of patients wait <30 minutes to be served at Unjani Clinic, 75% of all our patients reported that they received excellent service at our network. The nurse owned and operated, primary healthcare model is completely new to South Africa and is a new model of care. We believe that Unjani Clinic will help change the face of healthcare and that it will bring about systemic change. The Unjani concept is also in line with government's policy for universal health coverage for all through the provision of an affordable and accessible "gap service" for those people who have the ability to pay something towards their healthcare.

### **Experience**

A summary of existing Unjani Clinics is reflected below:

<b>Area</b>	<b>Province</b>	<b>District</b>	<b>Date Opened</b>	<b>Patients Served</b>
Atteridgeville	Gauteng	City of Tshwane	March 2016	828
Berea	Gauteng	City of Johannesburg	July 2015	4 160
Bram Fischerville	Gauteng	City of Johannesburg	Feb 2013	9 678
Buhle Park	Gauteng	Ekurhuleni Metro	Jan 2015	7 985
Daveyton	Gauteng	Ekurhuleni Metro	Sept 2014	8 753
Delft	Western Cape	City of Cape Town	Feb 2013	10 801
Diepsloot	Gauteng	City of Johannesburg	Oct 2015	7 873
Etwatwa	Gauteng	Ekurhuleni Metro	2010	9 948
Hebron	Gauteng	City of Tshwane	Mar 2015	5 304
Katlehong	Gauteng	Ekurhuleni Metro	May 2015	6 622
Klipfontein	Gauteng	City of Johannesburg	Mar 2015	9 323
Khutsong	Gauteng	West Rand	June 2016	766
Kwaggafontein	Mpumalanga	Nkangala District	Sept 2012	6 815
Kwamhlanga	Mpumalanga	Nkangala District	Sept 2016	155
Nelmaphius (CLSD)	Gauteng	City of Tshwane	Apr 2013	1 617
Mogogelo	North West	Bojanala Platinum	June 2015	2 606
Moutse Mall	Mpumalanga	Nkangala District	July 2016	605
Olievenhoutbos	Gauteng	City of Tshwane	May 2016	1 805
Orange Farm	Gauteng	City of Johannesburg	Feb 2013	16 352

Riverlea	Gauteng	City of Johannesburg	Aug 2015	1 731
Sharpeville	Gauteng	Sedibeng	Apr 2016	697
Sondela	NWP	Bojanala	Aug 2016	610
Tembisa	Gauteng	Ekurhuleni Metro	Sept 2014	16 236
Tokoza	Gauteng	Ekurhuleni Metro	Apr 2015	9 581
Villa Lisa	Gauteng	Ekurhuleni Metro	Oct 2012	12 527
Windmill Park	Gauteng	Ekurhuleni Metro	Oct 2014	10 259
Winterveldt	Gauteng	City of Tshwane	Nov 2014	9 015
<b>Total</b>				<b>172 652</b>

Our planned roll out for the next Clinics (to take us to 50 by June 2018) is as follows:

<b>Area</b>	<b>Province</b>	<b>District</b>	<b>Date Planned</b>
Ivory Park (28)	Gauteng	City of Johannesburg	November 2016
Hammanskraal (27)	Gauteng	City of Tshwane	Oct 2016
2 Clinics	North West	Bojanala	Feb 2017
7 Clinics	Mpumalanga	Ehlanzeni / Nkangala	Mar 2017 – June 2017
6 Clinics	Limpopo	Capricorn	July 2017 – Nov 2017
7 Clinics	Limpopo	Sekhukhune / Mopani	Feb 2018 to June 2018

The awarding of an Unjani Clinic requires a 5-year Enterprise Development Agreement to be signed by the Professional Nurse that details the responsibilities of the parties and ensures that the Professional Nurse remains compliant to the monthly reporting requirements, standard operating procedures, her scope of practice and all regulatory requirements. Should she breach, and fail to remedy her breach, the Clinic can be reallocated to another Professional Nurse, so she stands to lose her Clinic due to non-compliance.

### **Enterprise Development Proposal**

Unjani Clinics NPC (“NPC”) was specifically established to provide the Imperial Group and other Corporates with a vehicle through which Enterprise Development spend (required by the DTi and Amended Broad Based Black Economic Empowerment Codes) could be channelled, administered and managed. In addition, given the Public Benefit Organisation (PBO # 930047735) status held by Unjani Clinics NPC, S18(A) donation certificates can be issued to funders for tax purposes. Our Memorandum of Incorporation clearly states our purpose with specific reference to the empowerment of women and the development of sustainable enterprises.

All of the Professional Nurses operate their Unjani Clinics as sole proprietors and are classified as Exempt Micro Enterprises\* according to the Codes, they are 100% black woman owned and will thus be a Level 1 contributor. By virtue of the fact that the NPC is a company without members (no shareholding, or ownership) - the DTI Codes look at the beneficiaries of the NPC and applies S6 of Code 100 to the NPC. By virtue of the fact that all of the beneficiaries of the NPC are black women, the NPC is “black owned”. The NPC produces Enterprise Development Agreements signed with funders as well as auditable records for the flow of funds. Unjani Clinics NPC manages the Enterprise Development funds and provides detailed reporting of funds spent

and obtains the required Affidavits and supporting documentation from the Professional Nurses annually for donors / funders verification audit files.

The investment cost in an Unjani Clinic will depend on the population in the area surrounding the clinic. There are 3 types of clinic infrastructure – peri-urban (which can serve up to 1500 patients per month); semi-rural (which can serve up to 1000 patients per month) and rural (which can serve up to 750 patients per month). The cost of each of these structures (container infrastructure and all internal equipment, start up stock and other requirements) varies from R500 000 to R700 000.

In addition, in order to assist the Professional Nurse in achieving break-even (250 patients per month), working capital assistance or operational donations are provided for the first 24 months of trade. This amounts to approximately R200 000 over the 24-month period. Payment of these funds is dependent on the Professional Nurses compliance to the Enterprise Development Agreement, standard operating procedures, on-time payment of suppliers and regulatory compliance.

The final portion of the investment amounts to R300 000, which is utilised by Unjani Clinics NPC over the 5 year period to train, support, administer, mentor, manage and ultimately evaluate the sustainability of the clinic.

Thus, the total investment cost in an Unjani Clinic (and the Professional Nurse and the community that she will serve) is between R1 000 000 and R1 200 000 (depending on the infrastructure).

### **Short-Dated Stock Proposal**

The Unjani Clinics follow a strict internally determined product formulary (based on the NDoH Treatment Guidelines and Protocols), made up of generic medicines in order to reduce the Professional Nurses cost to serve. We have seen an opportunity to assist Pharmaceutical Suppliers who may have short-dated stock that could be utilised by our Unjani Network. Generally, short-dated stock is written off by the Supplier and destroyed. If our Network is able to utilise quantities of the short-dated stock – given that our Clinics stock turn is less than a month – patients would benefit and the Supplier would save the cost of destruction.

#### **How it works:**

Based on the quantity of the short-dated product that the Unjani Clinic Network could utilise, the Supplier would donate cash to Unjani Clinics NPC equal to the SEP purchase price (incl. Vat). Unjani Clinics NPC would issue a S18(A) tax certificate to the Supplier for the donation, and the Supplier can claim the donation for tax purposes. The NPC would on-donate the funds to the Unjani Clinic Professional Nurses (beneficiaries).

The Unjani Clinics would then place an order on the Supplier for the product quantities required, the product will be supplied directly to the Clinics and the Clinics will make payment to the Supplier – no contravention of the Medicines Act. So rather than writing the stock off, the Supplier has increased sales, less destruction costs and will have empowered our Communities.

In closing, we thank you for the opportunity to make this proposal and we look forward to your positive response, or the opportunity to further discuss the contents with you.

Please feel free to contact me, should there be any questions.

Thank you.

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**ED Investment Schedule:**

Clinic Investment	Rand Allocation
Donated Infrastructure including all internal equipment and start up stock	500 000 – 700 000
Working Capital / Operational Donations for first 24 months of trade	200 000
NPC Training, Support, Administration and M&E	300 000
Total Investment in an Unjani Clinic	1 000 000 – 1 200 000

**\* Exempted Micro Enterprises (EMEs)**

*It is unrealistic to expect a start-up or micro business to contribute to BEE as there are likely to be few employees. Most businesses are vulnerable try to limit their overhead costs in the first few years.*

*For this reason any business that turns over less than R10 million is exempted from being measured against any BEE Scorecard. They get allocated a Level automatically if they can prove their annual turnover is below this amount as shown below;*

Black Ownership	BEE Level	Status	Procurement Recognition
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100% Black Owned EME	Level 1	135%
>50% Black Owned EME	Level 2	125%
<50% Black Owned EME	Level 4	100%

*EMEs are required to produce an affidavit declaring their qualification as an Exempted Micro Enterprise. EMEs automatically qualify as Empowering Suppliers so their customers are all able to claim BEE Points for buying from them. Under the Revised BEE Codes businesses are targeted to buy 15% of total Measured Procurement Spend from EMEs each year. This should give rise to the establishment and growth of EMEs in South Africa.” [www.bee.co.za](http://www.bee.co.za)*